

# **Additional Issues to be Considered in the Formation of the NW RTO April 28, 2000**

After reviewing the Filing Utilities' March 17, 2000 Issue List, we (see list of participants at conclusion of this document) submit the following issue additions and organizational suggestions. Our silence on a particular issue is assent that the issue is appropriate for discussion but does not denote agreement with any resolution implied by the Filing Utilities' description of the issue.

Numbering references are to the Filing Utilities' Preliminary Issues List dated March 17, 2000.

**Issue 1. Recovery of Fixed Transmission Cost:** There are three issue that are related to and should be considered with recovery of fixed transmission costs. These issues are:

- a) Geographic Scope of the RTO –
  - i. Initial
  - ii. Expansion
- b) Facilities Inclusion –
  - i. Generation integration lines
  - ii. Interties
  - iii. Transmission facilities of lower voltages
- c) Treatment of existing contracts – company rates developed during the IndeGO process included total transmission costs, including payments to others, to provide service to load. The IndeGO work makes certain assumptions about the disposition and costs of existing wheeling contracts. The treatment of existing wheeling contracts and bundled power contracts needs to be reviewed.

**Issues 3., 5. and 8. Congestion pricing, facilitation of new construction, and transmission planning:** All of these issues are related and should be considered together.

Implicit in this discussion is the issue of how to plan and provide for expansion and maintenance of the transmission system for reliability (local and grid-wide) vs. how to plan and provide for expansion of the system to relieve congestion (increase throughput for commercial reasons). Resolution of these issues implicates a number of documents including the tariffs, the TCA, generation and load interconnection agreements, and congestion management scheme.

**Issue 6. RTO budgets:** This topic should include the start-up budget and a mechanism for ongoing user review and oversight of RTO budgets.

**Issues 9., 10., 11. and 12. TCA and RTO articles and bylaws, RTO tariffs, and GIA, LIA and Service Agreements:** This host of documents will reflect decisions made in other issue

areas. Each document imported from IndeGO should be reviewed and amended as necessary to incorporate these decisions.

In addition, the RTO tariff issues should include non-discriminatory treatment of (i) jurisdictional transmission providers who sign TCAs, and (ii) those entities that are users of the system, including non-jurisdictional transmission owners.

**Issue 14. Transmission congestion reservations and suspension of existing contracts:** This issue is tied to Issues 3., 5. and 8. In addition, the rights of existing utilities to transmission used to serve native load needs to be addressed here.

**Issue 17. Incentives for Performance Efficiency:** We understand this issue to be internal to the RTO management and employees. In contrast, incentives for transmission owners to join the RTO are a separate issue that is included below.

**Issue 18. Participation by BPA under Current Laws:** Broaden this topic to read ‘**Participation by BPA, Public, Co-operative, and Municipal Utilities under Existing Law**’. Other parties beside BPA potentially have problems with existing laws and participation in an RTO (e.g. tax-exempt financing, 85/15 rule for cooperatives).

**Additional Issues Not Otherwise Addressed in Filing Utilities’ March 17, 2000, Issues List (numbering follows the sequence in the March 17, 2000 Issues List)**

**Issue 21. Customer Benefits**

- a) Definition
- b) Measurement

**Issue 22. Economic Incentives to Owners to Join RTO** – this is tied to Issue 21.

**Issue 23. Governance:** How to ensure i) independence and ii) competence.

**Issue 24. Elimination of Pancaked rates**

**Issue 25. Existing Exchanges and the RTO, South Idaho Exchange in particular**

**Issue 26. Retail Load Access to the RTO system**

**Issue 26. Transition Issues** including mitigation of cost shifts and duration of mitigation measures or rate treatments.

**Issue 27. Operations** – operating protocols, staff, hard- and software are needed to implement an RTO. How do established operations protocols need to be revised

in order to accomplish this? How will other existing protocols such as phase shifter operation, use of nomograms, and islanding schemes be impacted? Can all operational aspects be in place by December 15, 2001? Steps identifying how to transition operations from existing structure to an RTO need to be developed.

### **List of Participants**

Pacific Northwest Generating Cooperative

Northwest Requirements Utilities

Public Power Council

Seattle City Light

Tacoma City Light

Chelan County PUD

Snohomish County PUD No. 1

Benton County PUD, Franklin County PUD, and Greys Harbor PUD (PRM)

DSIs

Industrial Customers of Northwest Utilities (ICNU)

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